

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7893

BILL NUMBER: HB 2110

DATE PREPARED: Jan 7, 2001

BILL AMENDED:

SUBJECT: Teaching incentives.

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill provides that a teacher who receives an initial teaching license, who is employed to teach after June 30, 2001, by an Indiana school corporation, and who has been employed as a teacher for less than five years is eligible to receive a signing bonus of up to \$20,000 over a four year period. It provides that a teacher who receives an initial teaching license and is employed to teach by an Indiana school corporation may enter into an agreement with the State Student Assistance Commission to have the Commission assume the repayment of 15% of the teacher's undergraduate student loans for each year the teacher teaches during the first five years after the teacher graduates.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The bill provides an \$8,000 bonus after the first year of teaching, and a \$4,000 bonus after teaching years two through four paid by the Professional Standards Board. During the 1999-2000 school year there were 2,914 first year years and 10,524 teachers between one and four years of experience. The maximum cost of the bonus would be \$65.4 M annually if all teachers in the 1999-2000 school year qualified.

The bill also provides a repayment of 15% of the initial balance of any student loans for the first five years of teaching. The average loan according to USA Group for an undergraduate after four years is currently \$10,173. Assuming an inflation rate of 5%, the average loan would be about \$11,524 in FY 2001. The amount of the loan repayment in the first year would be about \$1,682, assuming the state paid 15% of the initial balance of the loan. The maximum cost of the bonus would be \$22.6 M annually if all teachers in the 1999-2000 school year qualified for the repayment. The repayment would be paid by the Student Assistance Commission.

The impact would depend on the number of teachers with zero to four years of experience. The maximum impact based on the 1999-2000 school data would be about \$88 M. The bill does not contain funding for

either of the new programs.

Explanation of State Revenues:

Explanation of Local Expenditures: The bill should encourage students to enter the teaching profession. With a greater supply of new teachers, school costs may decrease.

Explanation of Local Revenues:

State Agencies Affected: Professional Standards Board, Student Assistance Commission

Local Agencies Affected: Local School Corporations

Information Sources: Department of Education database